
New Year's Resolutions For Profit

With consumers more demanding than ever and competition razor sharp, it behooves every retailer to take the time to carefully analyze every aspect of his business, in search of improvements. With 1985 completed and the new year looming ahead, the time is ripe for making some New Year's Resolutions for improving net profit and market position. Herewith we offer a few modest suggestions that might make the task somewhat easier.

1. Resolve to take your P & L home the minute it is available and analyze every single expense to look for possible savings. Cost reductions may not offer the same glory as sales growth, but they sure help your bottom line. Is your insurance coverage the most cost-effective? The only way to find out is to shop around. How about your terms with your banker? Try shopping around at all local institutions. In analyzing your operating results, be sure to have a copy of NAMM's "Retail Music Products Industry Report" close at hand. The industry averages and statistics it contains can help you pinpoint any trouble areas.

2. Knowledge is power, and without the right management information at your finger tips you are operating in the dark. Resolve to maintain precise gross margin and turnover rates for each product line in your store. Make a practice of tabulating the number of customers who enter your store each day to track the effectiveness of your advertising and promotional activities, and then calculate the number of browsers who make a purchase. These two figures are quick and easy ways to locate weak spots in your selling procedures.

3. Salesmen are the lifeblood of the music industry. To maximize their performance, analyze carefully how much each one contributes to your net. Forget about gross sales per employee and zero in on gross margin dollars to determine who your stellar performers really are.

4. Resolve to check your method of doing business to see whether you should be a single proprietorship, a partnership, a regular corporation or an "S" corporation. With the multitude of changes that have transpired in the last five years regarding profit-sharing plans, pension plans, and defined benefit plans, it might be in your best interests to alter the organization of your business.

5. Margins have been squeezed by increasing competition, so make sure that employee theft doesn't erode them further. Resolve to make sure that if anyone is going to steal from you, either internally or externally, he will have to work and sweat for the fruits of his crime. Make sure you have a good electronic burglar alarm. If you have reason to believe that money is bypassing the cash register, have a shopping agency come in and check up on your employees while you are away. You have a responsibility to keep your employees honest by making it difficult for them to steal.

6. If you don't have a micro-computer on the premises, make a point of purchasing one quickly. Easy-to-use data-base programs can do everything from financial analysis to extremely targeted

direct mail efforts. The cost is low, the applications are there, and the benefits are immense.

7. Make a point of analyzing the past five years of sales records. Past performance and sales history offer telling insights into emerging trends. While past records may serve only to confirm your general outlook, they can sharpen your perception and enhance your buying practices.

8. Be strong when salesmen offer you a special. There are some products that won't contribute to your net at any price. Remember the old saw, "One more great deal and I'll be broke."

9. You have only one chance to make a good first impression, so don't blow it. People don't walk into music stores just to look; everyone is a prospect. Any salesperson who is still sitting down after the customer is three feet over the threshold should be either horsewhipped, fired, or both. And on the subject of first impressions, resolve to banish for ever that insipid greeting, "May I help you?"

10. Manufacturers have taken great pains to produce gorgeous, easy-to-read, informative literature. Resolve to use it effectively. Make literature readily accessible throughout your store; have some strategically placed next to the chair where your prospects sit while you talk to them. Read it yourself and make sure you are completely familiar with its contents. And, while you're at it, read the competition's brochures; this will help you sharpen your sales presentations.

11. Plan to follow up on every sale. If it's a big-ticket keyboard, stop by the purchaser's home with some polish and music books. Or make phone calls, or send out personalized letters. Past customers, if properly managed, can be your best advertisements and will send you a steady stream of new customers.

12. Resolve to plan your advertising in advance rather than wait until the last minute and repeat an old ad or something you really don't like. None of us can be all things to all people. Figure out what your strong points are and emphasize them in your advertising. Stress what you have that your competition doesn't, whether it's price, better product lines, the best teaching in town, a convenient location, or technical expertise.

13. Remember that, as a music merchant, you are not selling a product but are fulfilling one of mankind's oldest and most profound social desires. One of the industry's most timely verities is, "The richest child is poor without music." When you encounter price resistance, remember to stress, "You are making an investment in your child, not a musical instrument."

For all those who have read this far, the staff of Music Trades wishes you a Happy New Year filled with the recognition that comes from a job well done.

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